

## **MEMORANDUM OF UNDERSTANDING BETWEEN THE MUNICIPAL SECURITIES RULEMAKING BOARD AND THE INTERNAL REVENUE SERVICE**

**WHEREAS**, the Municipal Securities Rulemaking Board ("MSRB") is a self-regulatory organization established by Congress under Section 15B of the Securities Exchange Act of 1934 (the "Act") to protect investors, municipal entities, obligated persons, and the public interest by promulgating rules pertaining to the municipal securities activities of brokers, dealers, and municipal securities dealers (collectively, "dealers"), and the municipal advisory activities of municipal advisors;

**WHEREAS**, the Internal Revenue Service ("IRS") is a bureau of the U.S. Department of the Treasury authorized to administer and enforce the internal revenue laws of the United States of America;

**WHEREAS**, the MSRB and IRS desire to enter into a Memorandum of Understanding to memorialize their coordinated activities in furtherance of their respective statutory obligations;

**NOW, THEREFORE**, the MSRB and IRS hereby agree as follows:

1. General Obligations of the Parties: The MSRB is charged by statute with, among other responsibilities, drafting rules pertaining to the municipal securities activities of dealers and municipal advisory activities of municipal advisors. The IRS Tax Exempt Bonds ("TEB") function of the Tax Exempt and Government Entities division is responsible for administering and enforcing the federal internal revenue laws applicable to tax-exempt and tax credit bonds (including direct pay bonds). The MSRB also administers a number of market information transparency programs, and develops information products based on these programs, which may be used by TEB to conduct administration and enforcement programs pertaining to tax-exempt and tax credit bonds.
2. Access to MSRB Information Products: The MSRB wishes to assist the IRS in carrying out its administration and enforcement activities regarding tax-exempt and tax credit bonds. In order to do so, the MSRB will make available to TEB its information products, as requested, at no charge. Additionally, TEB personnel will be provided with access to RegulatorWeb ("RegWeb"), a proprietary intranet website developed by the MSRB for use by regulatory authorities, including any successor intranet website or platform. RegWeb contains standardized and customized reports derived from MSRB information products and other non-public data. The MSRB will also provide training to TEB personnel on the use of RegWeb and the interpretation of RegWeb reports.
3. Use of MSRB Information Products: TEB intends to utilize RegWeb and the MSRB information products available through the website to review municipal securities transaction detail for purposes of administering and enforcing compliance with the federal internal revenue laws applicable to the municipal bonds market. This includes researching municipal securities trade data as part of a compliance effort to monitor

practices related to the establishment of issue price for federal tax purposes and other matters. Information contained in RegWeb reports may provide evidence for further inquiry with respect to tax-exempt and tax credit bond issues, including administration and enforcement activities. TEB acknowledges that the information included in the MSRB information products and RegWeb is collected pursuant to the federal securities laws and that the information that the MSRB collects from regulated entities and other parties that is made available through the MSRB information products and RegWeb is produced by such submitters pursuant to parameters designed to promote the regulatory objectives of such federal securities laws. Thus, in using such information in connection with any administration and enforcement activities, TEB acknowledges the importance of understanding the extent to which the information may be consistent with or diverge from the requirements of the federal internal revenue laws. TEB agrees to undertake appropriate training as provided in Section 2 of this MOU prior to accessing RegWeb and other MSRB information products and the MSRB agrees to provide appropriate training and support to TEB personnel in connection with understanding the nature of the information provided under this MOU. TEB agrees to share with the MSRB any observations or conclusions derived from its use of the information provided under this MOU as may be of assistance to the MSRB in connection with its regulatory duties, to the extent permitted by law, including the limitations under section 6103 of the Internal Revenue Code.

TEB agrees that any information from publicly-available MSRB information products provided by the MSRB to TEB at no charge for which the MSRB normally charges subscription fees may not be distributed or otherwise re-disseminated to any other party notwithstanding the generally applicable terms of use for such MSRB information products, provided that TEB may distribute or otherwise re-disseminate limited quantities of aggregated data in support of its administration and enforcement activities. Nothing in this paragraph shall be interpreted to prohibit TEB from using the data and information obtained from MSRB under this MOU in connection with administering and enforcing compliance with the federal internal revenue laws.

4. Confidentiality and Privileges: The parties agree to protect the confidentiality of information (including derivative information) exchanged pursuant to this MOU, and to establish and maintain appropriate safeguards to accomplish this purpose. The parties also intend that the terms of this MOU will not constitute a waiver of confidentiality or any privilege applicable to such information, and the parties expressly reserve all evidentiary privileges and immunities applicable to the information shared under this MOU.

Nothing in this paragraph shall be interpreted to prohibit TEB using the data and disclosing information obtained from MSRB under this MOU in connection with, and as necessary in, the administration and enforcement of federal internal revenue laws, including statistical studies with respect to the operations of such laws.

If the IRS or MSRB is compelled by law, either pursuant to the Freedom of Information Act, or otherwise, to honor any request by any other person or governmental entity, for information obtained from the other party under the terms of

this MOU, the requested party shall promptly contact the other party in writing of such request, in a sufficient time for the other party to raise objection to such production. Such contact by the requesting party will be made to the extent authorized by law, including the limitations under section 6103 of the Internal Revenue Code.

5. Responsible Parties and Points of Contact: The responsible parties with authority to approve, ratify, and make decisions with respect to this MOU are:

- MSRB: Lawrence P. Sandor, Senior Associate General Counsel ;
- IRS: Director, Tax Exempt Bonds

All notifications pursuant to this MOU should be sent to the following persons:

- MSRB: Ronald Smith, Corporate Secretary ;
- IRS: Director, Tax Exempt Bonds

Should a disagreement arise as to the interpretation of the provisions of this agreement that cannot be resolved between the points of contact at the IRS and the MSRB, the area(s) of disagreement will be reduced to writing by each organization and presented to the MSRB General Counsel, Market Regulation and IRS Director, Government Entities for resolution. If settlement cannot be reached at this level, the disagreement will be raised to the MSRB Chief Legal Officer and IRS Commissioner, Tax Exempt and Government Entities Division for final resolution

Each party to the MOU is responsible for its own costs.

Each party to this MOU shall be liable for the acts and omissions of its owns employees.

6. Term: This MOU is effective upon execution and will remain in effect until amended, replaced, or terminated by the signed mutual agreement of the MSRB and IRS. This MOU may be amended in writing from time to time by the signed mutual consent of the parties hereto.

7. Signatures:

For MSRB:

Lynnette Kelly Hatchkiss

For IRS:

Joseph H. Grant

Dated:

October 19, 2011